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COR-1563  
Copy 2 of 5  
Contract No. BB-450  
Amendment No. 1

9 APR 1962

ITEK Laboratories  
A Division of ITEK Corporation  
Lexington, Massachusetts

Gentlemen:

1. This document constitutes Amendment No. 1 to Contract No. BB-450 between the parties hereto and said contract is amended as hereinafter set forth.

2. The parties hereto have negotiated and agreed upon additional quantities of the items set forth in Exhibits "A" and "B" and also certain changes and/or deletions of items presently in the Exhibits. Accordingly, a revised Exhibit "A" and "B" are attached to this Amendment No. 1 which sets forth the understandings of the parties hereto.

3. As a result of the foregoing, PART XII - INCENTIVE PRICE REVISION of the Schedule is amended as follows:

a. Paragraph b. of PART XII is deleted in its entirety and in lieu thereof substitute the following:

"b. General. The supplies or services identified in the Schedule as Items 1 through 6 are subject to price revision in accordance with the provisions of this clause; provided, that in no event shall the total adjusted price of such items exceed \$10,800,000. Any supplies or services which are to be ordered separately under, or otherwise added to this contract, and which are to be subject to price revision in accordance with the provisions of this clause, shall be identified as such in a modification to this contract. However, it being recognized and understood that the work and services called for under Item 7 shall not be subject to price revision in accordance with the provisions of this clause and the costs of such work shall be identified and segregated from all other work hereunder, the Contractor shall be reimbursed only for the actual costs thereof for said item. In the event of failure to agree on said costs, such failure to agree shall be deemed to be a dispute concerning a question of fact within the meaning of the clause of this contract entitled "Disputes," and the Contracting Officer shall promptly issue a decision thereunder."

b. Paragraph d.2. of PART XII is deleted in its entirety and in lieu thereof substitute the following:

"2. The total adjusted price shall be established by adding to the total adjusted costs an allowance for profit determined as follows:

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**WHEN THE TOTAL ADJUSTED COST IS:**

Equal to the total target cost

Greater than the total target cost

Less than the total target cost

**THE ALLOWANCE FOR PROFIT IS:**

Total target profit.

Total target profit less twenty-five percent (25%) of the amount by which the total adjusted cost exceeds the total target cost.

Total target profit plus twenty-five percent (25%) of the amount by which the total adjusted cost is less than the total target cost.

However, in no event shall the allowance for profit exceed fourteen percent (14%) of the total target cost. For purposes of this contract the total target cost, profit and price is as follows:

Total Target Cost	\$ 9,300,000.00
Total Target Profit	<u>976,500.00</u>
Total Target Price	\$10,276,500.00"

4. The contract is further amended by adding the following new clauses, PARTS XV and XVI to the Schedule:

a. "PART XV - CONSIDERATION AND PAYMENT

a. The total contract target price for Items 1 through 6 of Exhibit "A" to the Schedule is \$10,276,500.00 subject to the provisions of the clause hereof entitled "PART XII - INCENTIVE PRICE REVISION" and the provisions of the clause hereof entitled "PART XVI - LIMITATION OF GOVERNMENTS OBLIGATION."

b. The total estimated cost for Item 7 to the Schedule is \$500,000.00 said amount being allotted hereunder and subject to PART XVI of the Schedule.

c. There is hereby allotted for the performance of this contract the sum of \$9,776,500.00 subject to the provisions of PART XVI of the Schedule."

b. "PART XVI - LIMITATION OF GOVERNMENT'S OBLIGATION

(1) Of the total price of items 1 through 6 and the estimated cost of Item 7, the sum of \$9,776,500.00 is presently available for payment and allotted to this contract. It is anticipated that from time to time additional funds will be allotted to this contract until the total price of said items is allotted.

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(2) The Contractor agrees to perform or have performed work on said items up to the point at which, in the event of termination of this contract pursuant to the clause hereof entitled "Termination for the Convenience of the Government," the total amount payable by the Government, (including amounts payable in respect of subcontract and settlements costs) pursuant to paragraph (e) thereof, would in the exercise of reasonable judgment by the Contractor approximate the total amount at the time allotted to the contract. The Contractor shall not be obligated to continue performance of the work beyond such point. The Government shall not be obligated in any event to pay or reimburse the Contractor in excess of the amount from time to time allotted to the contract, anything to the contrary in the clause hereof entitled "Termination for the Convenience of the Government," notwithstanding.

(3) It is contemplated that the funds presently allotted to this contract will cover the work to be performed, as limited by the provisions of (2) above until 30 June 1962. In the event funds allotted are considered by the Contractor to be inadequate to cover the work to be performed until the above date, or an agreed date in substitution thereof, the Contractor shall notify the Contracting Officer in writing when within the next thirty (30) days the work will reach a point which in the event of termination of this contract pursuant to the clause hereof entitled "Termination for the Convenience of the Government," the total amount payable by the Government (including amounts payable in respect of subcontracts and settlement costs), pursuant to Paragraph (e) thereof, will approximate eighty-five (85%) per cent of the total amount then allotted to the contract. The notice shall state the estimated date when such point will be reached and the estimated amount of additional funds required to continue performance to the above or an agreed substituted date. The Contractor shall, thirty (30) days prior to the date above written or agreed substituted date, advise the Contracting Officer in writing as to the estimated amount of additional funds, which will be required for the timely performance of the contract for a further period as may be specified in the contract or otherwise agreed to by the parties. If, after such latter notification, additional funds are not allotted by the date above written or by an agreed date in substitution therefore, the Contracting Officer will, upon written request of the Contractor for the same, terminate this contract on such date or the date set forth in the request, whichever is later, pursuant to the provisions of the clause of this contract entitled: "Termination for the Convenience of the Government."

(4) When additional funds are allotted from time to time for continued performance of the work under this contract the parties shall agree as to the applicable period of contract performance which shall be covered by such funds and the provisions of Paragraphs (2) and (3) above shall apply in like manner to such additional allotted funds and substituted date pertaining thereto and the contract amended accordingly.

(5) If the Contractor incurs additional costs or is delayed in the performance of the work under this contract, solely by reason of the failure of the Government to allot additional funds in amounts sufficient for the timely performance of this contract, and if additional funds are

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allotted an equitable adjustment shall be made in the price or prices (including appropriate target, billing and ceiling prices where applicable) of said items or in the time of delivery or both. Failure to agree to any such equitable adjustment hereunder shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled: "Disputes."

(6) The Government may at any time prior to termination and with the consent of the Contractor, after notice of termination, allot additional funds for this contract.

(7) The provisions of this clause with respect to termination shall in no way be deemed to limit the rights of the Government under the clause hereof entitled: "Default." The provisions of this clause are limited to the work on and allotment of funds, for the items set forth in (1) above. This clause shall become inoperative upon the allotment of funds for the total price of said work except for rights and obligations then existing under this clause."

5. All other terms, conditions and requirements of Contract No. BB-450 remain unchanged.

6. Please indicate your receipt of this Amendment No. 1 to Contract No. BB-450 and your acceptance thereof by executing the original and two copies of this amendment. Return the fully executed original and one copy of this amendment to the undersigned and retain the remaining copy for your files.

Very truly yours.

Contracting Officer

ACKNOWLEDGED AND ACCEPTED  
ITEK LABORATORIES  
A DIVISION OF ITEK CORPORATION

TITLE Vice President

DATE 30 April 1962

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